

**MARICOPA COUNTY**  
**EMPLOYEE BENEFITS TRUST FUND**  
**Statements of Revenues, Expenses, and**  
**Changes in Net Assets —Internal Service Funds**  
**YTD as of May 31, 2013**

6/24/2013

	YTD 5/31/2013	YTD 5/31/2012	Full Year 6/30/2012	Full Year 6/30/2011	Full Year 6/30/2010
<b>Operating revenues:</b>					
Operating income	\$ 116,951,891	\$ 112,674,849	\$ 122,941,566	\$ 119,211,913	112,927,735
Other income		(2,630)		884	97,894
Investment income	219,436	228,284	443,209	498,476	779,620
<b>Total operating revenues</b>	<b>\$ 117,171,327</b>	<b>\$ 112,900,503</b>	<b>\$ 123,384,775</b>	<b>\$ 119,711,273</b>	<b>\$ 113,805,250</b>
<b>Operating expenses:</b>					
Losses and loss expenses	106,524,188	102,854,060	114,179,304	111,900,464	101,098,908
All other expenses	6,919,979	6,375,682	7,060,881	8,621,004	13,570,703
<b>Total operating expenses</b>	<b>\$ 113,444,167</b>	<b>\$ 109,229,741</b>	<b>\$ 121,240,185</b>	<b>\$ 120,521,468</b>	<b>\$ 114,669,611</b>
<b>Nonoperating revenues:</b>					
Capital contributions	0	0	0	49,990	
Transfers to Other Funds	0	0	0	(1,380,291)	
Loss on disposal of capital assets	0	0	0	(3,273)	
<b>Total nonoperating revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,333,574)</b>	<b>\$ -</b>
<b>Change in net assets</b>	<b>3,727,161</b>	<b>3,670,762</b>	<b>2,144,590</b>	<b>(2,143,769)</b>	<b>(864,361)</b>
<b>Total net assets - Beginning</b>	<b>43,167,723</b>	<b>41,023,133</b>	<b>41,023,133</b>	<b>43,166,902</b>	<b>44,031,264</b>
<b>Total net assets - Ending</b>	<b>\$ 46,894,883</b>	<b>\$ 44,693,895</b>	<b>\$ 43,167,723</b>	<b>\$ 41,023,133</b>	<b>\$ 43,166,902</b>

**Maricopa County**  
**Employee Benefits Trust Funds**  
**Statements of Net Assets - Internal Service Funds**  
**May 31, 2013, May 31, 2012, June 30, 2012, June 30, 2011, and June 30, 2010**

	5/31/2013	5/31/2012	6/30/2012	6/30/2011	6/30/2010
<b>Assets</b>					
Cash and cash equivalents	\$ 61,403,644	\$ 62,169,833	\$ 60,636,639	\$ 57,181,449	\$ 56,235,460
Interest receivable	42,598	3,563	42,598	3,563	81,358
Accounts receivable	731,680	731,923	924,206	898,195	1,260,064
Prepaid insurance	906,738	102,572	1,411,102	852,807	110,532
Capital assets, net	0	0	0	0	4,013
<b>Total assets</b>	<b>\$ 63,084,660</b>	<b>\$ 63,007,891</b>	<b>\$ 63,014,546</b>	<b>\$ 58,936,014</b>	<b>\$ 57,691,427</b>
<b>Liabilities</b>					
Accounts payable	20,349	196,150	88,404	124,271	512,556
Accrued Liabilities	3,309,264	3,889,010	5,554,366	2,382,967	3,243,514
Employee compensation payable	3,268,902	3,292,646	3,268,085	3,290,574	2,263,426
Reserve for losses and loss expenses	9,591,261	10,936,189	10,935,968	12,115,069	8,505,029
<b>Total liabilities</b>	<b>\$ 16,189,776</b>	<b>\$ 18,313,996</b>	<b>\$ 19,846,823</b>	<b>\$ 17,912,882</b>	<b>\$ 14,524,525</b>
<b>Net Assets</b>					
Invested in capital assets	0		0	0	4,013
Unrestricted (deficit)	46,894,884	44,693,895	43,167,723	41,023,133	43,162,889
<b>Total net assets (deficit)</b>	<b>\$ 46,894,884</b>	<b>\$ 44,693,895</b>	<b>\$ 43,167,723</b>	<b>\$ 41,023,133</b>	<b>\$ 43,166,902</b>

**MARICOPA COUNTY**  
**EMPLOYEE BENEFITS TRUST FUNDS**  
Fund Balance Roll-Forward  
Eleven Months Ended May 31, 2013

**Self Insured Funds**

<u>Fund</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>	<u>Fund Balance</u> <u>7/1/2012</u>	<u>Fund Balance</u> <u>4/30/2013</u>
601-CMG MEDICAL	\$ 45,000,452	\$ 47,448,921	\$ 2,448,469	\$ (3,175,089)	\$ (726,620)
602-CMG LOW OPTION				1,141,584	1,141,584
603-OAP IN				(1,764,074)	(1,764,074)
604-OAP MEDICAL	31,078,496	32,132,702	1,054,205	(2,034,662)	(980,457)
605-OAP LOW OPTION				1,938,145	1,938,145
606-CHOICE FUND H.S.A.	13,244,806	13,743,053	498,247	819,805	1,318,052
614-BEHAVIORAL HEALTH	1,737,780	1,697,062	(40,717)	5,304,061	5,263,344
<b>Total Medical &amp; BH</b>	<b>\$ 91,061,535</b>	<b>\$ 95,021,738</b>	<b>\$ 3,960,203</b>	<b>\$ 2,229,770</b>	<b>\$ 6,189,973</b>
629-SI DENTAL	3,501,650	3,492,544	(9,106)	5,089,287	5,080,181
<b>Total Dental</b>	<b>\$ 3,501,650</b>	<b>\$ 3,492,544</b>	<b>\$ (9,106)</b>	<b>\$ 5,089,287</b>	<b>\$ 5,080,181</b>
608-COINSURANCE PHARMACY	12,372,340	11,270,898	(1,101,442)	17,461,014	16,359,572
609-CONSUMER CHOICE			0	1,261,278	1,261,278
619-ONSITE PHARMACY CLINIC *	1,750,071	1,399,117	(350,954)	0	(350,954)
620- BENEFITS ELIMINATIONS	(936,632)	(936,632)	0	0	0
<b>Total Pharmacy</b>	<b>\$ 13,185,780</b>	<b>\$ 11,733,383</b>	<b>\$ (1,452,396)</b>	<b>\$ 18,722,292</b>	<b>\$ 17,269,896</b>
623-VISION	1,391,367	1,363,746	(27,621)	168,475	140,854
<b>Total Vision</b>	<b>\$ 1,391,367</b>	<b>\$ 1,363,746</b>	<b>\$ (27,621)</b>	<b>\$ 168,475</b>	<b>\$ 140,854</b>
615-WELLNESS	741,589	1,617,185	875,596	2,926,118	3,801,714
618-BENEFIT ADMINISTRATION	1,771,532	2,214,572	443,040	5,304,248	5,747,288
999-BENEFITS CLEARING		(0)	(0)		(0)
<b>Total Other</b>	<b>\$ 2,513,121</b>	<b>\$ 3,831,757</b>	<b>\$ 1,318,636</b>	<b>\$ 8,230,366</b>	<b>\$ 9,549,002</b>
<b>Grand Total</b>	<b>\$ 111,653,452</b>	<b>\$ 115,443,167</b>	<b>\$ 3,789,715</b>	<b>\$ 34,440,190</b>	<b>\$ 38,229,905</b>

**Employee Self Insured Funds**

611-60 PERCENT STD	1,493,142	1,303,850	(189,292)	6,909,543	6,720,251
612-50 PERCENT STD	199,916	291,220	91,303	1,110,613	1,201,916
613-40 PERCENT STD	97,656	133,090	35,434	707,378	742,812
<b>Total STD</b>	<b>\$ 1,790,715</b>	<b>\$ 1,728,160</b>	<b>\$ (62,555)</b>	<b>\$ 8,727,534</b>	<b>\$ 8,664,979</b>
<b>Total Self-Insured</b>	<b>\$ 113,444,167</b>	<b>\$ 117,171,327</b>	<b>\$ 3,727,161</b>	<b>\$ 43,167,723</b>	<b>\$ 46,894,884</b>

**Fully Insured (Agency) Funds**

<u>Fund</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>Net</u>	<u>Fund Balance</u> <u>7/1/2012</u>	<u>Fund Balance</u> <u>4/30/2013</u>
607-FI DENTAL PPO	\$ 4,505,187	\$ 4,503,708	\$ (1,480)	\$ 68,952	\$ 67,472
625-FI PREPAID DENTAL	343,574	343,036	(537)	109,890	109,353
<b>Total Dental</b>	<b>\$ 4,848,761</b>	<b>\$ 4,846,744</b>	<b>\$ (2,017)</b>	<b>\$ 178,842</b>	<b>\$ 176,825</b>
621-FLEX SPENDING HEALTH	2,068,463	2,207,826	139,363	0	139,363
622-FLEX SPENDING DEP CARE	684,330	847,739	163,409	0	163,409
<b>Total FSA</b>	<b>\$ 2,752,793</b>	<b>\$ 3,055,565</b>	<b>\$ 302,772</b>	<b>\$ -</b>	<b>\$ 302,772</b>
626-FI LIFE AND AD AND D	339,396	336,823	(2,573)	43,077	40,504
627-SUPPLEMENTAL LIFE	2,970,170	2,975,278	5,108	232,046	237,154
630-DEPENDENT LIFE	331,619	330,497	(1,123)	10,486	9,363
<b>Total Life and AD&amp;D</b>	<b>\$ 3,641,185</b>	<b>\$ 3,642,598</b>	<b>\$ 1,412</b>	<b>\$ 285,609</b>	<b>\$ 287,021</b>
628-EMPLOYEE ASSISTANCE	179,690	198,092	18,402	739	19,141
631-VOLUNTARY BENEFITS	803,761	825,685	21,924	3,198	25,122
632-CIGNA FOR SENIORS	604,487	604,744	257	86,403	86,660
<b>Total Others</b>	<b>\$ 1,587,938</b>	<b>\$ 1,628,521</b>	<b>\$ 40,583</b>	<b>\$ 90,340</b>	<b>\$ 130,923</b>
<b>Total Agency Funds</b>	<b>\$ 12,830,677</b>	<b>\$ 13,173,427</b>	<b>\$ 342,750</b>	<b>\$ 554,791</b>	<b>\$ 897,541</b>

Note:

Onsite Pharmacy Clinic

\* Flu Shot Savings

57,456

**Employee Benefits Trust Funds  
Balance Sheet Details**

6/24/2013

**May 31, 2013, May 31, 2012, June 30, 2012, June 30, 2011, and June 30, 2010**

	5/31/2013	5/31/2012	6/30/2012	6/30/2011	6/30/2010
<b><u>Accounts receivable</u></b>					
COBRA Receivable	\$ 106,422	\$ 94,817	\$ 164,058	\$ 109,355	\$ 436,144
Vision	1,664	1,057	1,057	1,345	
Dental	2,294	2,488	1,154	2,652	
619-ONSITE PHARMACY CLINIC	(0)				
WHI Rebate	621,300	633,560	757,936	784,843	823,920
<b>Total Accounts receivable</b>	<b>\$ 731,680</b>	<b>\$ 731,923</b>	<b>\$ 924,206</b>	<b>\$ 898,195</b>	<b>\$ 1,260,064</b>
<b><u>Prepaid insurance</u></b>					
STD	\$ 94,567	\$ 97,716	\$ 94,567	\$ 97,716	\$ 105,544
Vision	4,989	4,856	4,989	4,856	4,988
Dental	35,000				
Medical	772,183	0	1,311,547	750,235	
<b>Total prepaid insurance</b>	<b>\$ 906,738</b>	<b>\$ 102,572</b>	<b>\$ 1,411,102</b>	<b>\$ 852,807</b>	<b>\$ 110,532</b>
<b><u>Accounts payable</u></b>					
Medical	\$ -	\$ -	\$ -	\$ -	\$ 378,664
Behavioral Health	(0)		38,030	32,500	24,000
Vision	0	0		300	6,362
Dental					
STD	(0)		11,929	13,007	23,743
614-BEHAVIORAL HEALTH	0	0	5,754	16,705	1,512
616-CONTRACT ADMINISTRATION	(0)		23,474	37,543	21,107
615-WELLNESS	0	(0)	9,218	24,217	57,167
618-BENEFIT ADMINISTRATION	20,349	(0)			
619-ONSITE PHARMACY CLINIC	0				
<b>Total accounts payable</b>	<b>\$ 20,349</b>	<b>\$ (0)</b>	<b>\$ 88,404</b>	<b>\$ 124,271</b>	<b>\$ 512,556</b>
<b><u>Accrued Liabilities</u></b>					
Medical	\$ 1,057,642	\$ 1,044,855	\$ 2,846,956	\$ 1,470,817	\$ 2,272,774
Pharmacy	623,794	701,023	625,425	650,525	657,132
Behavioral Health	32,500			0	
Vision					141,657
Dental	159,837	411,702	139,519	261,625	121,960
STD	12,000	12,000	0		
615-WELLNESS	0				
616-CONTRACT ADMINISTRATION	0	23,474			
618-BENEFIT ADMINISTRATION	11,807	0			
619-ONSITE PHARMACY CLINIC	119,900				
999-BENEFITS CLEARING	1,291,784		1,942,466		
HEALTH SELECT SI TRUST					49,990
<b>Total Accrued Liabilities</b>	<b>\$ 3,309,264</b>	<b>\$ 2,193,054</b>	<b>\$ 5,554,366</b>	<b>\$ 2,382,967</b>	<b>\$ 3,243,514</b>
<b><u>Employee compensation payable</u></b>					
Consumer Choice Pharmacy Employee Allt	\$ 3,122,217	\$ 3,122,217	\$ 3,122,217	\$ 3,122,217	\$ 2,124,477
Employee compensation payable	144,263	126,625	145,869	124,553	138,949
615-WELLNESS	2,422				
H.S.A		43,804		43,804	
<b>Total Employee Comp Accrual</b>	<b>\$ 3,268,902</b>	<b>\$ 3,292,646</b>	<b>\$ 3,268,086</b>	<b>\$ 3,290,574</b>	<b>\$ 2,263,426</b>
<b><u>Reserve for losses and loss expenses -IBNR Details</u></b>					
Medical	\$ 8,443,713	\$ 9,812,823	\$ 9,788,419	\$ 10,991,704	\$ 7,444,933
Pharmacy					
Behavioral Health	231,766	178,642	231,766	178,642	252,691
Vision	107,576	91,554	107,576	91,554	52,502
Dental	484,345	409,517	484,345	409,517	374,756
STD	323,861	443,654	323,861	443,654	380,147
<b>Total Reserve for losses and loss exens</b>	<b>\$ 9,591,261</b>	<b>\$ 10,936,189</b>	<b>\$ 10,935,967</b>	<b>\$ 12,115,071</b>	<b>\$ 8,505,029</b>

**MARICOPA COUNTY**  
**EMPLOYEE BENEFITS TRUST FUNDS**  
 Eleven Months Ended May 31, 2013

**Self Insured Funds**

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Revenue</b>				
601-CMG MEDICAL	\$ 41,533,536	\$ 47,448,921	\$ 5,915,385	14.24%
604-OAP MEDICAL	40,028,098	32,132,702	(7,895,396)	-19.72%
606-CHOICE FUND H.S.A.	11,219,197	13,743,053	2,523,856	22.50%
614-BEHAVIORAL HEALTH	1,732,412	1,697,062	(35,350)	-2.04%
<b>Total Medical &amp; BH</b>	<b>\$ 94,513,243</b>	<b>\$ 95,021,738</b>	<b>508,495</b>	<b>0.54%</b>
629-SI DENTAL	3,366,363	3,492,544	126,181	3.75%
<b>Total Dental</b>	<b>\$ 3,366,363</b>	<b>\$ 3,492,544</b>	<b>126,181</b>	<b>3.75%</b>
608-COINSURANCE PHARMACY	11,536,140	11,270,898	(265,242)	-2.30%
619-ONSITE PHARMACY CLINIC	980,837	1,399,117	418,280	42.65%
620- BENEFITS ELIMINATIONS	(980,837)	(936,632)	44,205	-4.51%
<b>Total Pharmacy</b>	<b>\$ 11,536,140</b>	<b>\$ 11,733,383</b>	<b>153,038</b>	<b>1.33%</b>
623-VISION	1,409,375	1,363,746	(45,629)	-3.24%
<b>Total Vision</b>	<b>\$ 1,409,375</b>	<b>\$ 1,363,746</b>	<b>(45,629)</b>	<b>-3.24%</b>
615-WELLNESS	1,457,148	1,617,185	160,037	10.98%
618-BENEFIT ADMINISTRATION	2,002,516	2,214,572	212,056	10.59%
999-BENEFITS CLEARING	-	(0)		
<b>Total Other</b>	<b>\$ 3,459,664</b>	<b>\$ 3,831,757</b>	<b>\$ 372,093</b>	<b>10.76%</b>
<b>Grand Total</b>	<b>\$ 114,284,785</b>	<b>\$ 115,443,167</b>	<b>\$ 1,158,382</b>	<b>1.01%</b>

**Employee Self Insured Funds**

611-60 PERCENT STD	\$ 1,290,806	\$ 1,303,850	\$ 13,044	1.01%
612-50 PERCENT STD	279,180	291,220	12,040	4.31%
613-40 PERCENT STD	130,339	133,090	2,751	2.11%
<b>Total STD</b>	<b>\$ 1,700,325</b>	<b>\$ 1,728,160</b>	<b>27,835</b>	<b>1.64%</b>
<b>Total Revenue</b>	<b>\$ 115,985,110</b>	<b>\$ 117,171,327</b>	<b>1,186,217</b>	<b>1.02%</b>

**Expenses**

601-CMG MEDICAL	\$ 41,838,820	\$ 45,000,451	\$ (3,161,631)	-7.56%
604-OAP MEDICAL	40,308,226	31,078,496	9,229,730	22.90%
606-CHOICE FUND H.S.A.	11,331,331	13,244,806	(1,913,475)	-16.89%
614-BEHAVIORAL HEALTH	1,732,412	1,737,780	(5,368)	-0.31%
<b>Total Medical &amp; BH</b>	<b>\$ 95,210,789</b>	<b>\$ 91,061,534</b>	<b>\$ 4,149,255</b>	<b>4.36%</b>
629-SI DENTAL	3,355,132	3,501,650	(146,518)	-4.37%
<b>Total Dental</b>	<b>\$ 3,355,132</b>	<b>\$ 3,501,650</b>	<b>(146,518)</b>	<b>-4.37%</b>
608-COINSURANCE PHARMACY	11,536,140	12,372,340	(836,200)	-7.25%
619-ONSITE PHARMACY CLINIC	1,129,326	1,750,071	(620,745)	-54.97%
620- BENEFITS ELIMINATIONS	(980,837)	(936,632)	(44,205)	4.51%
<b>Total Pharmacy</b>	<b>\$ 11,684,629</b>	<b>\$ 13,185,780</b>	<b>(1,501,151)</b>	<b>-12.85%</b>
623-VISION	1,362,551	1,391,367	(28,816)	-2.11%
<b>Total Vision</b>	<b>\$ 1,362,551</b>	<b>\$ 1,391,367</b>	<b>(28,816)</b>	<b>-2.11%</b>
615-WELLNESS	1,672,951	741,589	931,362	
618-BENEFIT ADMINISTRATION	1,999,420	1,771,532	227,888	11.40%
<b>Total Other</b>	<b>\$ 3,672,371</b>	<b>\$ 2,513,121</b>	<b>\$ 1,159,250</b>	<b>31.57%</b>
<b>Grand Total</b>	<b>\$ 115,285,472</b>	<b>\$ 111,653,451</b>	<b>\$ 3,632,021</b>	<b>3.15%</b>

**Employee Self Insured Funds**

611-60 PERCENT STD	\$ 1,490,434	\$ 1,493,142	\$ (2,708)	-0.18%
612-50 PERCENT STD	279,180	199,916	79,264	28.39%
613-40 PERCENT STD	130,339	97,656	32,683	25.08%
<b>Total STD</b>	<b>\$ 1,899,953</b>	<b>\$ 1,790,715</b>	<b>\$ 109,238</b>	<b>5.75%</b>
<b>Total Self-Insured</b>	<b>\$ 117,185,425</b>	<b>\$ 113,444,166</b>	<b>\$ 3,741,259</b>	<b>3.19%</b>

**MARICOPA COUNTY**  
**EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**May 2013**

**NOTE 1 – Interest Receivable Held with the Treasurer**

Interest Receivable represents the Trust's share of the amortization of zero coupon bond discounts and the unpaid but earned portion of bond coupons which are normally paid every six months on varying dates. The trust has all cash invested with the Maricopa County Treasurer in the investment pool. This pool consists of U S Government Securities that have up to a three year maturity.

**NOTE 2 – Accounts Receivable**

Accounts Receivable include \$106,422 for COBRA premium, \$1,664 for Vision, \$2,294 for Dental and \$621,300 for RxRebates.

**NOTE 3 – Pre-Paid Insurance**

Pre-Paid insurance include \$94,567 for Sedgwick, \$4,989 for Vision plan, \$35,000 for Dental, and \$772,183 for Medical. Compared to the same period of last year, Pre paid insurance increased \$1 million due to the County's changed process for funding of claims. The balance of Cigna Catalyst Bank Account was \$323,946.99 as of May 31, 2013, these funds are going to pay Cigna for Medical and Dental Claims.

**NOTE 4 – Capital Equipment**

This is for the Ergonomics AstroVan purchased in 2000. All equipment has been fully depreciated as of June 30, 2012.

**NOTE 5 – Accounts Payable**

Accounts Payable was \$20,349.

**NOTE 6 – Accrued Liabilities**

Accrued Liabilities fluctuates monthly mainly due to the amount of outstanding checks that have not been cashed by providers. That includes \$1,057,642 for Medical, \$623,794 for Pharmacy, \$32,500 for Behavioral Health, \$159,837 for Dental, \$12,000 for STD, \$11,807 for Benefit Administration (OptumHealth), \$119,900 for Onsite Pharmacy Clinic, and \$1,291,784 for Fund 999- Benefits Clearing.

**NOTE 7 – Employee Compensation Payable**

Employee Compensation Payable includes FY2011- FY2013 unused employee pharmacy allowance for the WHI Consumer Choice Pharmacy plan of \$3,122,217. This balance will be reduced to zero in June 2013. The remaining balance \$144,263 is accrued salaries as of month end, plus employee vacations earnings payable.

**NOTE 8 – Reserve for losses and loss expenses**

The funds establish claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. As of 5/31/13, the Reserve for losses and loss expenses is \$9,591,261 that included \$8,443,713 for Medical, \$231,766 for Behavioral health, \$107,576 for Vision, \$484,345 for Dental, and \$323,861 for STD.

**MARICOPA COUNTY**  
**EMPLOYEE BENEFITS TRUST FUNDS**  
**Financial Commentary**  
**May 2013**

As of May 31, 2013, cash and cash equivalents were \$61,403,644 as compared to the June 30, 2012 balance of \$60,636,639; a \$767,005 improvement. Cash not included in this account is shown in the prepaid insurance balance sheet account. This was \$906,736 as of May 31st versus a balance of \$1,411,102 on June 30, 2012; a reduction of \$504,364. Prepaid insurance as of May 31<sup>st</sup>, 2013 mainly consists of the funding the Trust transfers to an outside bank account to pay for Cigna medical claims via a sweep. As of June 30, 2012, the balance of prepaid insurance mainly consisted of cash the Trust had transferred to an outside bank account to pay for the July 1<sup>st</sup>, 2012 funding of the employer contribution to employee Health Savings Accounts.

Net Margin (profit) on a year-to-date basis through May 2013 is \$3,727,161. Net Margin was not in line with the increase in Cash \$767,005 and the decrease in prepaid insurance \$-504,364 through May 2013. This is due to several factors. One cause of the cash increase being less than Net Margin is due to a \$2.2 million decrease in Accrued Liabilities. This occurred primarily due to outstanding medical claims checks being \$1.8 million less as of May 31<sup>st</sup>, 2013 versus June 30<sup>th</sup>, 2012. Another factor was the \$1.4 million decrease in the Reserve for losses and loss expenses. This is due to the overstatement of the reserve by the Actuaries of about \$1.0 million as of June 30<sup>th</sup>, 2012 and due to a lower than expected claims payment rate in FY 2013. A final reason for the difference in the Cash Change vs. Net Margin is due to a benefit free pay period that occurred in April. There are 26 pay periods in a year. Benefit deductions are taken from paycheck only 24 times a year. Each pay date, the Benefits Trust receives about \$5.5 million in cash through payroll processing. When the benefit free period hits, the Benefits Trust is forced to go 4 weeks between the receipt of premiums from the Departments and employees. This timing effect results in cash balances being suppressed immediately after the benefit free period but higher than expected immediately before a benefits-free period.

In reviewing the Fund Balance Roll-Forward report, it should be pointed out that the HMO plan, CMG Medical has a net margin of \$2,448,469 year-to-date, the PPO plan, OAP Medical, has a net margin of \$1,054,205, and finally the HDHP plan, Choice Fund H.S.A. has a net margin of \$498,247 year-to-date.